

[T. D. 8435, 57 FR 43894, Sept. 23, 1992]

**PART 302—TAXES UNDER THE
INTERNATIONAL CLAIMS SETTLE-
MENT ACT, AS AMENDED AU-
GUST 9, 1955**

Sec.

302.1 Statutory provisions and Executive order; section 212 of the International Claims Settlement Act, and Executive Order 10644.

302.1-1 Definitions.

302.1-2 Application of regulations.

302.1-3 Protection of internal revenue prior to tax determination.

302.1-4 Computation of taxes.

302.1-5 Payment of taxes.

302.1-6 Interest and penalties.

302.1-7 Claims for credit or refund.

AUTHORITY: Sec. 7805, I.R.C. 1954; 68A Stat. 917; 26 U.S.C. 7805, and sec. 212 of the International Claims Settlement Act of 1949, as added by the Act of Aug. 9, 1955, Pub. L. 285, 84th Cong., 69 Stat. 562.

SOURCE: T.D. 6470, 25 FR 6470, July 9, 1960, unless otherwise noted.

§ 302.1 Statutory provisions and Executive order; section 212 of the International Claims Settlement Act, and Executive Order 10644.

SEC. 212. (a) The vesting in any officer or agency designated by the President under this title of any property or the receipt by such designee of any earnings, increment, or proceeds thereof shall not render inapplicable any Federal, State, Territorial, or local tax for any period before or after such vesting.

(b) The officer or agency designated by the President under this title shall, notwithstanding the filing of any claim or the institution of any suit under this title, pay any tax incident to any such property, or the earnings, increment, or proceeds thereof, at the earliest time appearing to him to be not contrary to the interest of the United States. The former owner shall not be liable for any such tax accruing while such property, earnings, increment, or proceeds are held by such designee, unless they are returned pursuant to this title without payment of such tax by the designee. Every such tax shall be paid by the designee to the same extent, as nearly as may be deemed practicable, as though the property had not been vested, and shall be paid only out of the property, or earnings, increment, or proceeds thereof, to which they are incident or out of other property acquired from the same former owner, or earnings, increment, or proceeds thereof. No tax liability may be en-

forced from any property or the earnings, increment, or proceeds thereof while held by the designee except with his consent. Where any property is transferred otherwise than pursuant to section 207(a) or 207(b) hereof, the designee may transfer the property free and clear of any tax, except to the extent of any lien for a tax existing and perfected at the date of vesting, and the proceeds of such transfer shall, for tax purposes, replace the property in the hands of the designee.

(c) Subject to the provisions of subsection (b) of this section, the manner of computing any Federal taxes, including without limitation by reason of this enumeration, the applicability in such computation of credits, deductions, and exemptions to which the former owner is or would be entitled, and the time and manner of any payment of such taxes and the extent of any compliance by the designee with provisions of Federal law and regulations applicable with respect to Federal taxes, shall be in accordance with regulations prescribed by the Secretary of the Treasury to effectuate this section. Statutes of limitations on assessments, collection, refund, or credit of Federal taxes shall be suspended with respect to any vested property or the earnings, increment, or proceeds thereof, while vested and for six months thereafter; but no interest shall be paid upon any refund with respect to any period during which the statute of limitations is so suspended.

(d) The word "tax" as used in this section shall include, without limitation by reason of this enumeration, any property, income, excess-profits, war-profits, excise, estate, and employment tax, import duty, and special assessment; and also any interest, penalty, additional amount, or addition thereto not arising from any act, omission, neglect, failure, or delay on the part of the designee.

[Section 212, International Claims Settlement Act of 1949, as added by Act of August 9, 1955 (Pub. L. 585, 84th Cong., 69 Stat. 562)]

**EXECUTIVE ORDER 10644, APPROVED
NOVEMBER 7, 1955 (20 FR 8363)**

By virtue of the authority vested in me by title II of the International Claims Settlement Act of 1949, as added by Public Law 285, 84th Congress, approved August 9, 1955 (69 Stat. 562), and by section 301 of title 3 of the United States Code, and as President of the United States, it is ordered as follows:

SECTION 1. The Attorney General, and, as designated by the Attorney General for this purpose, any Assistant Attorney General are hereby designated and empowered to perform the functions conferred by the said title II of the International Claims Settlement Act of 1949 upon the President, and the functions

Internal Revenue Service, Treasury

§ 302.1-3

conferred by that title upon any designee of the President.

SEC. 2. The Attorney General is hereby designated as the officer in whom property shall vest under the said title II.

SEC. 3. As used in this order, the term “functions” includes duties, powers, responsibilities, authority, and discretion, and the term “perform” may be construed to include “exercise”.

§ 302.1-1 Definitions.

(a) *General*. When used in the regulations in this part, the terms defined in this section shall have the meaning so assigned to them. A term not defined herein shall have the meaning, if compatible with the context, imputed thereto under the internal revenue laws.

(b) *Attorney General*. The term “Attorney General” includes the officer in whom property is vested pursuant to title II of the International Claims Settlement Act of 1949, as amended. The term also includes the officer, including any Assistant Attorney General designated by the Attorney General for this purpose, designated and empowered pursuant to Executive Order No. 10644 to perform the functions conferred by title II upon the President of the United States and the functions conferred by such title upon the designee of the President.

(c) *Commissioner*. The term “Commissioner” means the Commissioner of Internal Revenue.

(d) *Person*. The term “person” includes a natural person, partnership, association, other unincorporated body, corporation, or body politic, having or claiming an interest in vested property or liable or charged with liability for internal revenue tax in connection with such property.

(e) *Former owner*. The term “former owner” means the owner immediately prior to vesting and any successor in interest by inheritance, devise, bequest, or operation of law, of such owner.

(f) *Property*. The term “property” means any property, right, or interest, including earnings, increment, or proceeds thereof.

(g) *Act*. The term “Act” means the International Claims Settlement Act of 1949, as amended by the Act of Au-

gust 9, 1955 (Pub. L. 285, 84th Cong., 69 Stat. 562).

(h) *Tax*. The term “tax” includes, but is not limited to, any property, income, excess-profits, war-profits, excise, estates, and employment tax, import duty, and special assessment; and also any interest, penalty, additional amount, or addition thereto not arising from any act, omission, neglect, failure, or delay on the part of the Attorney General.

§ 302.1-2 Application of regulations.

(a) *Property covered*. The regulations in this part are applicable in connection with property vested in the Attorney General pursuant to section 202 (a) of the Act and in connection with the net proceeds of any property described under section 202(b) of such Act which was vested in the Attorney General after December 17, 1941, pursuant to the Trading With the Enemy Act, as amended (40 Stat. 411).

(b) *Taxes covered*. The regulations in this part are applicable to any internal revenue tax with respect to (1) property vested in the Attorney General or any action or transaction incidental to such property, or (2) any person whose property is so vested or any action or transaction of such person, whether the tax is applicable in respect of the period of vesting or any other period.

§ 302.1-3 Protection of internal revenue prior to tax determination.

(a) *Suits and claims for return of vested property*—(1) *General*. The provisions of this paragraph apply in cases where there has been neither a final nor a tentative determination of internal revenue tax liability. See paragraphs (e) and (f) of § 302.1-4. In such cases vested property (including property vested pursuant to section 202(a) of the Act which is subject to divestment by reason of its ownership by a natural person) shall not be returned or divested except in accordance with this paragraph.

(2) *Notice to Commissioner*—(i) *Suits for recovery*. Where suit for the return of vested property has been instituted pursuant to section 207(a) of the Act, the Attorney General shall within a reasonable time after answer has been filed or after beginning of the trial of